

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 280 – SB 205

February 26, 2009

SUMMARY OF BILL: Authorizes a state employee enrolled in the group insurance plan to transfer to a different insurance plan once a year for coverage of a medically necessary procedure for the employee or a dependent if the procedure is not covered by his or her current plan.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – A precise fiscal estimate of the bill is difficult due to a number of unknown factors including, but not limited to, the number of employees who will transfer to a different insurance plan and the type of procedure that will be covered after the transfer. However, it is reasonable to estimate an increase in state expenditures which exceeds \$100,000.

Assumptions:

- According to the Department of Finance and Administration, very few plan members (one in the past two years) have requested a change in plan selection during a time other than the open enrollment period.
- Due to separate entities, or plan administrators, providing certain functions related to the provisions of benefits, there may be different guidelines for a specific medical procedure for the determination of medical necessity or claims payment requirements which could result in an impact to the timing of some eligible expenses.
- If an employee is an enrollee in one of the three health plans that does not cover a procedure, for that employee to switch plans to receive coverage for that procedure will result in costs to the state that previously would not have been incurred.
- A precise fiscal estimate cannot be determined due to unquantifiable factors such as the costs for the unknown procedure, the timing of claims payments, and the current plan coverage.
- It is reasonably estimated that even if a small percentage of employees switch plans, the costs incurred by the state could exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/kml